

NEAT EVALUATION FOR TELUS DIGITAL:

CX Services in High Tech & Automotive

Market Segment: CX Improvement Capability

Introduction

This is a custom report for TELUS Digital (formerly TELUS International) presenting the findings of the NelsonHall NEAT vendor evaluation for *CX Services in High Tech & Automotive* in the *CX Improvement Capability* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of TELUS Digital, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering CX services in the high tech & automotive sector. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall and with specific capability in cost optimization, revenue generation, and CX improvement.

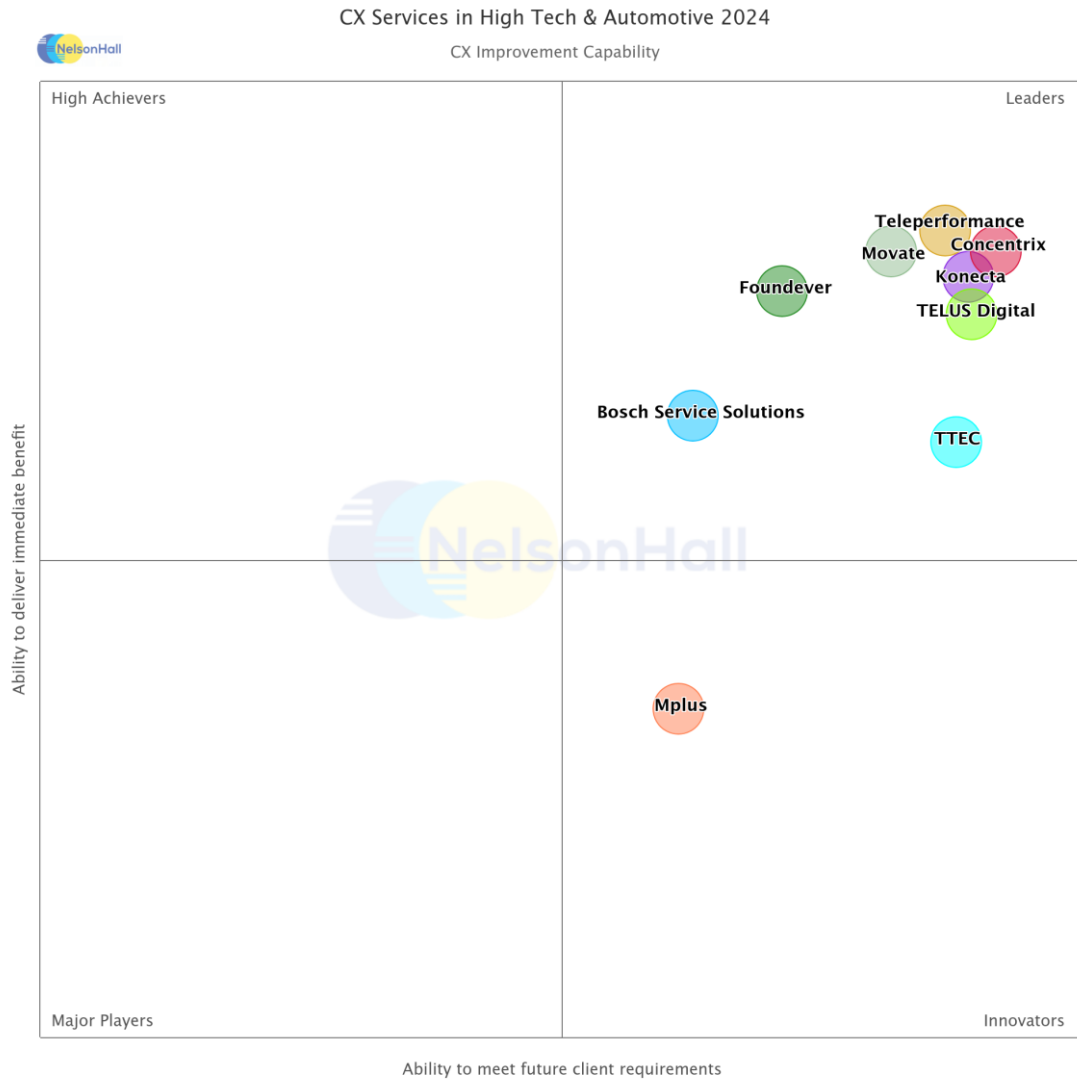
Evaluating vendors on both their ‘ability to deliver immediate benefit’ and their ‘ability to meet client future requirements’, vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Bosch Service Solutions, Concentrix, Foundever, Konecta, Movate, Mplus, Teleperformance, TELUS Digital, and TTEC.

Further explanation of the NEAT methodology is included at the end of the report.



NEAT Evaluation: CX Services in High Tech & Automotive (CX Improvement Capability)



NelsonHall has identified TELUS Digital as a Leader in the *CX Improvement Capability* market segment, as shown in the NEAT graph. This market segment reflects TELUS Digital’s ability to meet future client requirements as well as delivering immediate benefits to its high tech and automotive CX services clients with specific capability in improving the customer experience.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *CX Services in High Tech & Automotive* NEAT tool (*CX Improvement Capability*) [here](#).



Vendor Analysis Summary for TELUS Digital

Overview

TELUS Digital, rebranded from TELUS International in Q3 2024, is a public ITS and BPS provider headquartered in Vancouver. The company provides AI data solutions such as data annotation, CX and digital consulting, application services, CCaaS, IT Service Desk and managed IT Services, RPA, AI, CX Services, trust and safety, and RPO.

TELUS Digital has ~\$2.7bn annual revenues for 2023, and for H1 2024 its revenues were \$1,309m. It has ~74k employees in ~68 delivery centers in 32 countries and supports ~650 clients in ~50 languages.

TELUS Digital's CX services in high tech and automotive include: customer care over voice, email, chat, and social channels; VIP and concierge services; L1-L3 technical support; sales; B2B sales support and customer acquisition; upsell and cross-selling; retention and loyalty management; back-office activities such as order management; service activation; and dispatch. It has a dedicated trust and safety practice offering content moderation, ecommerce and marketplace protection, fraud prevention, proactive risk management, identity verification, and KYC. It provides CX analytics, loyalty and retention insights, BI and reporting, RPA and intelligent automation, self-services, visual IVR, omnichannel, cloud enablement, knowledge base development, and ML and AI development. It also offers WFM and forecasting, IT support such as helpdesk and service desk, learning and development, talent acquisition and recruitment.

In addition, TELUS Digital offers AI training platforms and data annotation with a crowdsourced global AI community. It offers data services for high tech, manufacturing, and automotive companies, including for EV, and connected vehicles, and delivers computer vision for autonomous vehicle software developers, mobility solution companies, and OEMs. Example clients of the data annotation services include Daimler, CNH Industrial, Nuro, Samsung, Solera, and Traveloka. The company has a dedicated platform called Ground Truth Studio for complex multimodal data annotation and with features for automated labeling, project management, and configurable workflows.

WillowTree, a TELUS Digital Company, is the company's strategy consulting and product engineering arm, which also offers data and AI services, brand experience design, and digital marketing. It has ~1.2k digital experts in 13 studios in North America, Europe, and Brazil. The WillowTree acquisition was completed in January 2023 for \$1.225bn.

TELUS Digital has ~4.1k dedicated employees for CX services in high tech and automotive in North America, LATAM, EMEA, and Asia. Separately, it has ~3k crowdsourced resources offering data annotation.

TELUS Digital has ~79 sector clients in: enterprise hardware and systems; chip manufacturers; consumer electronics and appliances; software developers; data storage; cloud computing services companies; automotive OEMs, including premium segment, EV, and self-driving cars; automotive parts and chips manufacturers; and mobility solution developers.

The company has a range of proprietary platforms for automation, analytics and insights, CCaaS, machine translation, and AI development. FueliX is TELUS Digital's proprietary, enterprise-grade AI engine for GenAI solutions, integrating consulting, data services, analytics, and application development, built on a foundation of responsible AI practices and privacy standards.



Financials

TELUS Digital's revenues for CY 2023 were ~\$2.7bn, including ~\$189m for CX services and data training in high tech and automotive, growing 18% y/y. High tech and electronics represent over half of the sector revenue.

Strengths

- Proprietary GenAI accelerator for LLM arbitration and app integration in a flexible model
- Strong data training and annotation service with its own gig workforce platform, workflow automation, and custom offerings such as computer vision for the high tech and automotive sectors
- Strong high tech and consumer electronics sector portfolio with multidimensional partnerships
- Significant investments in expanding the CX technology partner ecosystem with domain-specific application
- Cross-sell and upsell opportunities through its parent company TELUS' portfolio, extending across media and communications, healthcare, agriculture and consumer goods, as well as within a variety of startup companies through TELUS Ventures investments.

Challenges

- Could strengthen its analytics offerings for the sectors into adjacent CX services such as IoT analytics and geospatial analytics
- Could accelerate the adoption of machine translation and AI voice in support of its multilingual delivery
- Could explore additional opportunities for revenue generation LOBs in high tech, targeting mid-market clients and utilizing its digital marketing know-how.

Strategic Direction

TELUS Digital repositioned in 2023 as an AI-fueled CX partner of choice by designing, building, and delivering custom CX solutions based on the client industry, size, and geographic coverage. It aims to begin new engagements by reviewing the consumer and driver challenges and bracketing CX as a multifunction and multidimensional approach, not a pure contact center remit. The objective for TELUS Digital is driving growth and efficiencies by advancing customer awareness, support, shopping, and loyalty by: applying consulting; building applications, products, or chatbots and managing customer-facing and employee-facing issues; maintaining CX infrastructure, and/or driving the CX on behalf of the brand. TELUS Digital pulls in the WillowTree consulting practice, the AI data training community, and managed CX services to offer these unified services.

In between the design, build, and deliver services, the company practices human-centered AI design to address client concerns around enabling GenAI solutions to eliminate bias and hallucinations. For example, it reviews and crash tests existing client bot implementations. It also has its first POCs and live deployments of GenAI-based chatbots. For example, a consumer appliance manufacturer built a Conversational AI bot powered by the FueliX platform. Another application of FueliX is machine translation for text communication, with the first deployments



in the gaming space. The company's *humanity-in-the-loop* principles guide its responsible approach to AI governance.

The FueliX platform is the flagship GenAI investment at the group level, leveraging product development and distribution expertise (for example, from TELUS Health), and utilizing managed CX services under TELUS Digital. With FueliX, the group wants to enable LLMs to use agnostic SaaS for plug-and-play with composable applications to give clients flexibility and cost arbitration of their GenAI investments. In Q3 2024, the company launched Fuel EX, a GenAI employee assistant with features for single point of entry for employees to access GenAI interface, access 20 LLMs, and use capabilities for knowledge searches, summarization, copywriting, image generation, and code writing. The company has ~15 POCs with clients for FueliX.

For the AI training and data annotation services, the company looks to continue to benefit from the persistent needs of high tech brands to regularly refresh and finetune LLMs based on new data sources, variables, and external parameters such as political or social events. TELUS Digital supports some of the largest LLM providers. It tries to cross-sell its data training services into trust and safety work for high tech and automotive brands. For the automotive OEMs, TELUS Digital's presence in data services allows it to gain references from the R&D departments to expand into CX support. Its Ground Truth Studio labeling platform supports the labeling of all data types and automates workflows to drive efficiencies.

Since early 2023, TELUS Digital rapidly expanded its partner network. For example, with eGain for knowledge management and Verint for speech and text analytics, it was migrated to Google Cloud. It is now targeting speech analytics capability for the sizable volume of voice interactions with consumer electronics brands. An example client is a South Korean electronics OEM. TELUS Digital and Verint have a joint GTM to apply the same migration. It also partnered with TechSee for remote and virtual assistance using AR and AI for field service. Its Five9 partnership enabled enterprise CCaaS as an offering, with the first client from the high tech sector and additional ones from financial services.

Separately, TELUS Digital has invested in Local Measure to offer clients more flexibility in creating their end-to-end CX solutions on Amazon Connect. Local Measure's Engage Platform is integrated with Amazon Connect and powered by AWS, Amazon Bedrock and GenAI. It combines voice and digital communication and offers advanced features such as automatic message drafting and form filling, next-best action recommendations, skills-based routing, and real time translation.

TELUS Ventures, the investment arm of TELUS, is making investments in technologies such as AI, ML, smart devices, and intelligent platforms. Some of the target areas in AI are simplifying API access to LLMs and reduction of model hallucinations. TELUS Digital plans to bring some of these AI investments as AI partners. One example of such a partnership is TechSee which has an investment from TELUS Ventures.

In terms of delivery expansion, TELUS Digital continues to diversify; for example, it acquired its first delivery sites in Mohammedia, Morocco, and Cape Town, South Africa, through acquisitions. After the addition of South Africa, the company is targeting U.K. companies.

Its presence in Morocco allows it to provide French support in Quebec for its parent company and client, TELUS. Another expansion is WAH from Egypt and it is now looking to build or acquire physical operations there to strengthen European language delivery, particularly German.



Outlook

TELUS Digital has a mature CX services portfolio for the high tech sector, with a highlight being data annotation services and its strong computer vision practice. As high tech and automotive OEMs further evolve into service companies with mandatory AI integration and features, this combination of CX services and data services could prove lucrative and increase TELUS Digital's role for clients. The company is very experienced with supporting and partnering as an integrator of enterprise software and hardware manufacturers and is in a position to capitalize on lasting trends for cloud migration and AI adoption.

Using its consulting arm, TELUS Digital can guide sector clients in their CX transformation journey, targeting key needs for self-service, automation, and AI adoption. One possibility to explore further is revenue generation activities, particularly for the mid-market. The company already has digital marketing expertise within its consulting division.

The dedicated GenAI platform is distinct in the market, addressing a future client need for optimized LLM investments and accelerated deployments. Look for an increased client portfolio of FueliX, starting with organizations without large-scale internal GenAI investments.

Expect greater utilization of TELUS Digital's new delivery capabilities out of African countries, particularly in South Africa.

Look for further inroads into outcome-based pricing and use of innovation funds in TELUS Digital's commercial models with new CX services clients.



CX Services in High Tech & Automotive Market Summary

Overview

Intelligent automation and AI-powered solutions have already eliminated a sizable part of the lower-end human interactions in high tech and automotive, but increasing product complexity drives the need for human augmentation. The sector business model shift to closer customer engagement and lasting customer interactions drives consistent growth for revenue generation services.

CX services in high tech and automotive are becoming even more dependent on national economic performance with variation mainly at the subcategory level.

The delivery of CX services in high tech and automotive aligns with the overall market shift to near and offshore delivery. Technology agent augmentation is speeding up this process.

In the medium term, integrating AI in devices and vehicles complicates the product support function, creating new use cases and demanding greater adoption of advanced analytics and automation (e.g., predictive and preventive analytics). Shifting OEM business models to as-a-service (e.g., mobility) and subscriptions opens new opportunities for ongoing customer engagement, sales, and retention.

In the longer term, consumer generations Z and Alpha will have even lower brand loyalty and changed product ownership perception compared to previous generations (e.g., auto ownership in the U.S.) and this will require new sales and support concepts.

Buy-Side Dynamics

Consistent with other verticals, improved customer satisfaction is the top priority for high tech and automotive clients. It also has the highest rating as a delivered benefit by vendors.

The key buy-side drivers for the adoption of CX services include requirements for:

- A strong talent pipeline to be able to select, recruit and retain technically skilled resources with previous backgrounds in the client subsector
- IP, curriculum development expertise, and frameworks for employee product training and upskilling with advanced tools such as dynamic training personalization, AI-based simulations, and immersive environments
- Effective management of employee attrition, including via mature career progression paths
- Advanced knowledge management practice for content development, curation, maintenance, and presentation via cognitive search and GenAI-enabled virtual assistants
- Know-how in consulting, evaluating, and deploying GenAI solutions for both agent/engineer-facing and customer-facing processes
- Expertise in the selection, ROI assessment, customization, and implementation of CX technology, including having an ecosystem of technology partners and suppliers (e.g., LLMs)
- Proven national and regional market presence to support custom products and deliver locally-aligned CX



- Proven subsegment experience to support target user base (e.g., luxury vehicles)
- Experience in enabling omnichannel CX and deploying Conversational AI, including developing intent-based ticket routing and workflow allocation
- Capability to run and analyze customer feedback programs and VOC to drive product/service optimization and new launches
- Some capability for UX/UI design and development of interfaces for employee and face-to-face staff
- Employing voice augmentation and machine translation technology to deliver improved multilingual support
- A mature cybersecurity and data protection IP, experts, best practices, and certifications
- A multishore delivery network to optimize labor costs
- A proprietary or partner crowdsourced work platform for data annotation and labeling
- Dedicated sales and marketing practice with access to IP for revenue acceleration
- Offerings for cloud migration services and CCaaS.

The target benefits are increasing revenue generation activities with new customer acquisition, retention, upsell and cross-sell being the top priority to change the focus to lasting customer experiences. Major target benefits are:

- Improved customer satisfaction (NPS/CSAT)
- Increase in retention
- Increase in sales
- Improved accuracy and compliance
- Level of cost savings
- Effective talent sourcing and retention
- Deflection to digital channels
- Resource scalability and geo diversification

Additional buy-side factors in the adoption of CX services also include:

- Achieving operational optimization with features such as improved agent performance, integration of intelligent automation, infusion of AI in existing platforms, and enhancing agent support with bots and virtual assistants
- Strengthening of the car ownership experience to proactive customer journey support across all customer touchpoints
- Simplification of after-sale support experience for product owners
- Migration to and enhancement of existing digital customer journeys, including the buying experience
- Enablement of multinational delivery and extended hours of operations
- Improved operational reporting and BI



- Expansion of resource capacity during marketing and recall campaigns.

Market Size & Growth

The CX services market in high tech, manufacturing, and automotive (excluding collections) is worth ~\$19.5bn in 2024, and will grow at 4% CAAGR to reach ~\$22.8bn by 2028.

Customer care services account for ~41% of the market, with technical support ~21% and different types of revenue generation activities (excluding collections) at ~19%. Revenue generation activities are the fastest growing services at 5% CAAGR through 2028.

The U.S. domestic market is the largest, equal to ~35% in 2024. India is the most promising large-scale market for sector CX services, expected to reach ~\$701m by 2028, fueled by the expanding middle class with greater purchasing power.

Challenges & Success Factors

Major challenges for the adoption of CX services are balancing operational optimization initiatives and AI-based CX technology integration roadmaps with evolving business objectives. As high tech and automotive clients evolve to primarily digital customer journeys, strong D2C sales and marketing practices, and subscription business models, their CX operations need to continuously rebalance contact center optimization projects with plans for the development and introduction of new AI-based CX technology. Other challenges include:

- Expanding ecosystems of prosumers, integrators, suppliers, and resellers owning parts of the customer experience
- Shifting consumer habits and preferences with a new empowerment of users and influencers over social media
- Need for solid business cases to support CX technology investments while facing accelerating iteration cycles
- Requirements to change the CX sourcing models based on business outcomes versus solutions, with the supporting flexible commercial constructs and risks with overexposure to a single supplier
- Limited organizational bandwidth for CX transformation, especially for organizations without D2C experience.

Key success factors for organizations looking to outsource CX services include the following vendor capabilities:

- Specialized services such as data annotation for ADAS functions, AI model training (including for responsible AI), trust and safety activities, and fraud prevention
- Assistance with repositioning of CX services to focus on monetization, customer success, and sales motions
- Collaboration in the integration of AI in the product and services ranges from a CX perspective
- Proactive offering of CX transformation initiatives, including guidance for the adoption of GenAI in contact center operations



- Expertise in the support of complex ecosystems with dealers, resellers, partners, technicians, and logistics providers. For automotive OEMs, the goal is for a more cohesive experience with service centers, dealerships, and finance providers
- Market insights and advisory on industry trends, including information on regulatory changes impacting the CX
- Assistance with optimizing customer messaging to become more unified and consistent; improving brand perception, including over social media and third-party review sites
- Benchmarking capability across direct competitors and adjacent verticals
- Help with the promotion and adoption of new product and service features across customers via sales through service and upgrade campaigns
- Sourcing and upskilling talent capable of supporting the full technology ecosystem. For certain clients, this capability might include offering learning-as-a-service to the captive CX operations
- Customer and employee journey mapping in the customer-facing roles such as stores, retail locations, dealerships, and field technicians to identify optimization opportunities
- Relocation to nearshore and offshore delivery opportunities to optimize costs
- Serving as a talent pipeline for engineering and account management skills
- Expertise in offering certified CX services solutions as per national regulations (e.g., field worker monitoring).

Outlook

Over the next four years:

- The role of intelligent automation and AI-powered solutions on the sector's CX services will be very notable in the different types of technical support and order management processes, almost completely eliminating low-value repetitive tasks such as password resets or order status updates. The introduction of GenAI for engineer/agent augmentation and customer-facing bots/self-service tools take over significant work volume bandwidth because of the relatively structured customer conversations such as troubleshooting or returns management
- Advanced agent upskilling and effective knowledge management using GenAI have the greatest immediate impact on the sector's CXS performance. This increased product complexity will further accelerate due to OEMs' introduction of AI into their embedded technology services
- The shift to product-as-a-service, D2C sales, and subscription businesses will push client requirements for lead and demand generation, customer acquisition, subscription upsell and cross-sell, retention, saves and win-backs. High tech and automotive brands will move aggressively to digital-first purchasing journeys. Combined with other external trends for growing production and delivery costs, these sectors' focus on revenue acceleration will drive in the next 12 to 24 months to a sizable demand for outsourced sales and retention services. This demand will also reflect on additional CX LOBs and CX-adjacent activities such as community management, content moderation on online marketplaces, account management and seller support, customer onboarding and education, marketing back-office support such as content localization, campaign optimization, campaign performance analytics, and programmatic advertising



- Top vendor selection criteria will be the ability to transform CX operations in line with the sector's focus on customer lifetime value and business flexibility
- High tech brands will evolve from selling products and solutions to selling outcomes, while CX services vendors are changing from supporting individual transactions to lasting customer journeys.



NEAT Methodology for CX Services in High Tech & Automotive

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

‘Ability to deliver immediate benefit’: Assessment criteria

Assessment Category	Assessment Criteria
Offerings	<ul style="list-style-type: none"> Range of customer experience services in high tech & automotive Customer experience improvement capability Revenue generation capability Cost optimization capability Domain-specific CX transformation capability
Delivery	<ul style="list-style-type: none"> Scale of managed services resources Application of multilingual support & internationalization Application of delivery models for staff scalability & flexibility Application of advanced analytics Application of RPA & intelligent automation Application of GenAI Enablement of digital channels, smart IVR, & Conversational AI Application of end-to-end talent management models Application of AI technology to enhance talent management Application of AI agent augmentation technology Application of industry-specific operations re-engineering models & frameworks Use of industry-specific IP & third-party tools Sector CX transformation capability Application of CX-adjacent sector services Industry cultural compatibility
Market Presence	<ul style="list-style-type: none"> Scale of client presence in high tech Scale of client presence in automotive Market momentum for the sectors
Benefits Achieved	<ul style="list-style-type: none"> Level of customer experience improvement achieved Level of revenue enhancement achieved Level of cost savings achieved Level of operational optimization achieved



Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Investment	<ul style="list-style-type: none"> Investment in development of customer satisfaction Investment in development of revenue generation capability Investment in development of analytics, automation, & cloud Investment in development of AI & GenAI Investment in development of multimodal channels Investment in development of end-to-end digital transformation Investment in CX innovation capability for high tech & automotive
Perceived Suitability by CXS Clients	<ul style="list-style-type: none"> Perceived effectiveness in overall CX services delivery Perceived effectiveness in the application of customer experience improvement Perceived effectiveness in the application of industry-specific services Perceived effectiveness in the application of revenue generation Perceived effectiveness in the application of cost optimization Mechanisms in place to deliver client innovation through ops transformation Mechanisms for client innovation through analytics, automation, cloud, GenAI Mechanisms in place to deliver client innovation through CX consulting & design Extent to which client perceives that innovation has been delivered Suitability of vendor to meet future needs of client Perceived suitability as key partner

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager: Darrin Grove at darrin.grove@nelson-hall.com

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